

MORGAN SIDE IN NEW HAVEN ROW

Financiers Deny Big Profits in Dealings With Railroad.

OPEN BOOKS IN PROOF

Got Only \$350,265 for Important Services of 20 Years.

ELLIOTT ADDS NEW FACTS

Tells of Line's Dealings With Kuhn, Loeb & Co. and Other Bankers.

J. P. Morgan & Co. issued a statement replying to the charges that the firm and its partners absorbed huge profits from the New Haven railroad. The relations of the firm with the railroad since they began in 1894 are detailed in correspondence, including statistical tables, with Chairman Elliott.

Mr. Elliott in a letter to the firm requested information covering the main general and specific charges that have been leveled at the railroad and the banking firm on the score of their financial relations.

The leading statements in the correspondence made public by J. P. Morgan & Co. are as follows:

(1) That the net profits to the firm, including the New York, Philadelphia, London and Paris houses, in the twenty years of financial relations total the surprisingly small amount of \$350,265. The par value of the securities handled from which this profit was derived was \$533,052,503.

No Interest in Properties.

(2) That neither the firm in any of its houses nor any member of the firm ever had any interest in any of the properties acquired by the New Haven or its subsidiaries, with a single exception. In this the late J. P. Morgan exchanged 1,222 shares of the South Bay Wharf and Terminal Company, valued at \$170 a share, for 814 shares of New Haven stock. At the highest price for New Haven, 189, in January, 1907, when this transaction was made, this exchange at these figures represented a loss to J. P. Morgan of \$52,894.

(3) The celebrated "Account No. 2" of the New Haven with J. P. Morgan & Co. used in the attacks upon the bankers as the mysterious account which, it has been alleged, has hidden the secret profits of the firm with the road is opened. It shows nothing more than the investigation of New Haven by former Interstate Commerce Commissioner Prouty, showed, namely, that the New Haven deposited with the bankers in a special account at various times from November 3, 1906, to September 25, 1907, the sum of \$11,155,000. This amount reimbursed the bankers for a similar total of advances made by them to the Millbrook Company for the acquisition of the New York, Westchester and Boston.

(4) That neither the firm nor any member had any transactions with the Millbrook Company outside of those for the account and upon the order of the New Haven as presented in the "Extract from the loan ledger" and "Special Account No. 2," published below. There was no profit or commission in any of these transactions to the firm or any member.

Paid Interest on Deposits.

(5) That the firm has paid the New Haven 2 per cent. average annual deposits of \$1,415,000 since 1903, when deposits began.

In giving out for publication the correspondence regarding New Haven affairs, J. P. Morgan & Co. made the following statement:

"Chairman Howard Elliott of the New York, New Haven and Hartford Railroad Company recently addressed a letter to us, asking us certain questions as to our fiscal relations with the New Haven companies, covering the last twenty years, and as to our profits in the sale of New Haven and allied company securities during the same period.

"Believing that Chairman Elliott's inquiries and our answers thereto may be of interest to the public, as well as to the directors and stockholders of the New Haven, we have decided, with the consent of the New Haven company, to give out for publication the entire correspondence, setting forth in detail the information requested."

Chairman Elliott's letter, dated February 21, 1914, addressed to J. P. Morgan & Co., was as follows:

"I have been asked questions by our directors and by others about the transactions between your firm and this company, both before and since the fiscal agency contract, which was in effect from December 19, 1910, to December 4, 1913, and which was terminated by notice from your firm.

Asks for Complete Statement.

"An examination of the books of the New Haven company will, of course, show these transactions, but as there are a number of subordinate companies and inter-company entries, it would be a convenience to me, and would save some time, if I could obtain from you a complete statement of all transactions of the New Haven and its allied companies, involving the placing of its securities, or the purchase of securities for it, in which your firm or its predecessors, Messrs. Drexel, Morgan & Co., have taken part since January 1, 1894.

"In addition to furnishing this information I would assist me greatly, although I have no technical right to the information, if you would be willing to furnish me a statement showing the profits realized by your firm from the sale of securities purchased from the New Haven company or from any of its subordinate companies.

"I should also be glad to have a statement from you as to whether your firm or any of its members ever had any interest in any properties acquired by the New Haven company, such as the Westchester, the steam railways, the trolley lines of the steamship companies.

"I am also asked certain questions about the Millbrook Company, and I should be

SCHEDULE NO. 1—SECURITIES PURCHASED EITHER ALONE OR WITH OTHERS. NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY SECURITIES PURCHASED PRIOR TO FISCAL CONTRACT.

Date	Amount (par value)	Our Profit	Our Loss	Profit to Other Members	Remarks
Feb. 1904 Old Colony Steamboat Co. stock.	\$224,000	Bought from N. H. at \$24.75 per sh.	\$ —	\$ —	Sold back to N. H. in Jan. 1905 at cost + 8% int.
Aug. 1904 New England Cons. Mfg. Co. bonds.	10,000.00	" " " " " " " "	107.50	84.50	" " " " " " " "
Feb. 1905 New Haven 50-Year 4½% Debentures.	15,000.00	" " " " " " " "	305.10	44.40	" " " " " " " "
Oct. 1905 Danbury & Norwalk 1st Mt. Bonds.	350.00	" " " " " " " "	6.97	58.50	" " " " " " " "
Apr. 1906 New Haven 40-Year 4½% Debentures of 1906.	15,000.00	" " " " " " " "	—	—	" " " " " " " "
	\$40,574.00		\$12,102.82	\$78,524.50	
N. Y., O. & W. Ry.					
Sept. 1905 New York, Ontario & Western Gen'l Mtg. ss.	\$2,000.00	Bought from Co. of 90.	—	—	Joint With Kuhn, Loeb & Co.
AS PARTICIPANTS WITH OTHERS					
Apr. 1901 New Haven 3½% Debentures with K. P. & Co.	\$6,000.00	Our Part.	—	—	Bo't @ 102½
Mar. 1901 Maine Central 2½ Year 4½% Notes with L. H. & Co.	5,000.00	2,000.00	—	—	" fr. Co. @ 98½
Sept. 1910 Vermont Valley R. R. 1st 4½% Bonds with L. H. & Co.	1,800.00	800.00	—	—	" fr. B. & M. @ 102 & Int.
Oct. 1910 Concord & Montreal Cons. 4½ Bonds with L. H. & Co.	500.00	250.00	—	—	" fr. " " " " "
Oct. 1910 Newport & Hartford 1st 8½ Bonds with L. H. & Co.	500.00	175.00	—	—	" fr. " " " " "
Nov. 1910 Boston R. R. Holding Co. 1st Stock with L. H. & Co.	2,800.00	1,868.667	—	—	" fr. N. H. @ 94
	\$15,150.00	\$6,291.667	—	—	
Total Purchases Prior to Fiscal Contract.	\$57,724.00	\$48,868.667	—	—	

PURCHASES OUTSIDE OF FISCAL CONTRACT.

Date	Amount (par value)	Our Profit	Our Loss	Profit to Other Members	Remarks
May 1913 Boston & Maine 1-Year 6% Notes	\$17,000.00	Bought from Co. of 90½	\$48,697.92	—	Fiscal contract did not apply as arranged on May 16, 1913.
May 1913 Connecticut River 1-Year 6% Notes	\$2,000.00	Joint with L. H. & Co.	6,302.08	—	
	\$19,000.00		\$55,000.00	\$10,000.00	
AS PARTICIPANTS WITH OTHERS					
Jan. 1911 New Haven 1-Year 4½% Notes with K. P. & Co.	\$10,000.00	2,000.00	—	—	Bo't fr. Co. @ 98½
Nov. 1913 New Haven 6-Mon. 6% Notes with L. H. & Co.	45,000.00	5,300.00	—	—	" fr. " " " " "
	\$55,000.00	\$7,300.00	—	—	
Total Purchases Outside of Fiscal Contract.	\$74,000.00	\$12,600.00	—	—	
Total of All Securities Purchased.	\$131,724.00	\$78,168.667	—	—	

SCHEDULE NO. 2—SECURITIES PURCHASED OR SOLD FOR ACCOUNT OF THE COMPANY OR ITS AFFILIATED COMPANIES. NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY TRANSACTIONS PRIOR TO FISCAL CONTRACT, ON WHICH THE COMPANY PAID A COMMISSION.

Date	Amount (par value)	Commission Paid by Co.	Proportion of Com. Received by us	Commission Paid by Co. to Other Members	Remarks
Oct. 1903 Subscriptions to Convertible 4½ Debentures dated Apr. 1, 1903	\$13,122,800	Our Commission	\$50,000.00	\$50,000.00	
Oct. 1903 Bought for Account New Haven—2,217 sh. Providence & Springfield RR stock	221,700	Our Commission	25,000.00	25,000.00	
Nov. 1903 102,434 New York & New England RR Preferred stock	1,024,340	Our Commission	25,000.00	25,000.00	
Nov. 1903 117,700 " " " " " " " "	1,177,000	Our Commission	25,000.00	25,000.00	
Nov. 1903 3,522 sh. Ridgefield & New York Ry. Co. stock	333,200	Our Comm. 1-40%	208.25	208.25	
Aug. 1903 Sold for Account New Haven—13,866 sh. New Haven stock	1,386,600	Our Comm. ¼ on 2,400 sh. Joint with K. P. & Co. ¼ on 11,466 sh.	400.75	300.25	
Nov. 1904 Payment of New York & New England 6 & 7% bonds due Jan. 1, 1905 & coupons	10,320,000	Our Comm. ¼%	12,915.50	12,915.50	
Feb. 1905 Reqd. for services as Depositary of Central New England Securities upon sale of that road to New Haven	—	10,000.00	10,000.00	10,000.00	
Oct. 1904 Bought for Account New Haven—5,000 sh. New York, Ontario & Western 1st 4½% Bonds	500,000	No Compensation	—	—	
Nov. 1904 Sold for Account New Haven—\$333,000 N. H. 3½% Debentures	333,000	Our Comm. ¼%	416.25	416.25	
Jan. 1907 Purchase of Central New England stocks & bonds for a New Haven RR	430,800	Our Comm. ¼%	1,576.26	1,576.26	
Jan. 1907 Purchase of One Year 4½ Notes	10,000.00	Our Comm. ¼%	25,000.00	18,964.50	
Oct. 1907 Bought for Account New Haven—\$289,000 Harlem River & Port Chester Ry. 2nd 4½ Bonds	289,000	No Compensation	—	—	
Jan. 1908 10,000 New London Steamboat Co. 6% Bonds	10,000	Our Comm. ¼%	4,196.00	4,196.00	
Jan. 1910 Purchase of 16,741 sh. Worcester, Nashua & Rochester Stock	1,674,000	Our Comm. ¼%	25,000.00	25,000.00	
Feb. 1910 Sold a New Eng. Nav. Co. 50,000 sh. New Haven stock	5,000,000	Our Comm. ¼%	2,029.75	2,029.75	
Feb. 1910 Purchase of Boston & Maine stock—77 Pfd. 15-48 Com. & 68 Com. sold for a Boston Railroad Holding Co.	1,623,800	Our Comm. ¼%	33.00	33.00	
Apr. 1910 Purchase of Worcester, Nashua & Rochester Railway Co. stock	13,200	Our Comm. ¼%	163.00	163.00	
June 1910 Purchase of Central New England Securities (additional)	65,200	Our Comm. ¼%	—	—	
Total Transactions Prior to Fiscal Contract, on which the Company paid a Commission.	\$58,861,000		\$158,911.13	\$158,645.25	

TRANSACTIONS UNDER FISCAL CONTRACT, ON WHICH THE COMPANY PAID A COMMISSION.

July 1911	Sale of Central New England 1st 4s	\$ 11,827,000.	Our Comm. 1½%	\$198,965.00	\$ 84,969.25	\$ 27,987.50
July 1911	Sale of New York, Westchester & Boston 1st 4½s	17,200,000.	Our Comm. 1½%	129,600.00	54,720.00	18,240.00
Oct. 1912	Sale of New Haven One Year 4½ Notes	30,000,000.	Our Comm. 1½%	75,000.00	24,875.00	8,291.66
Oct. 1912	Sale of New York, Westchester & Boston 1st 4½s	17,200,000.	Our Comm. 1½%	129,600.00	54,720.00	18,240.00
Nov. 1912	Sale of New Haven One Year 8% Notes	40,000,000.	Our Comm. 1½%	100,000.00	15,000.00	5,000.00
		\$101,127,000.		\$611,865.00	\$300,197.51	\$ 87,927.50
BOSTON AND MAINE						
May 1912	Sale of One-Year 4½ Notes, dated June 10th	\$ 12,000,000.	Our Comm. 1½%	\$ 30,000.00	\$ 9,002.50	\$ 3,000.83
Oct. 1912	Sale of Portland Terminal Co. 1st 4s for B. & M.	2,500,000.	Our Comm. 1½%	6,250.00	1,875.00	625.00
Oct. 1912	Sale of One-Year 8% Notes dated February 2d	25,000,000.	Our Comm. 1½%	62,500.00	18,750.00	6,250.00
		\$24,500,000.		\$60,950.00	\$18,627.50	\$ 6,166.66
MAINE CENTRAL						
Feb. 1912	Sale of One-Year 4½ Notes dated March 15th	\$ 12,000,000.	Our Comm. 1½%	\$ 30,000.00	\$ 9,002.50	\$ 3,000.83
Oct. 1912	Sale of Portland Terminal Co. 1st 4s. for Maine Central	1,600,000.	Our Comm. 1½%	4,000.00	1,200.00	400.00
Oct. 1912	Sale of Portland Terminal Co. 1st 4s. for P. & C.	1,600,000.	Our Comm. 1½%	4,000.00	1,200.00	400.00
		\$16,100,000.		\$40,000.00	\$12,402.50	\$ 4,166.66
NEW YORK, ONTARIO & WESTERN						
Feb. 1912	Sale of General Mortgage 4s	\$ 1,080,000.	Our Comm. 1½%	\$29,700.00	\$14,850.00	\$ 4,950.00
Feb. 1912	Sale of Car Trust 4½% Certificates	1,000,000.	Our Comm. 1½%	15,000.00	6,750.00	2,250.00
		\$ 2,580,000.		\$44,700.00	\$21,600.00	\$ 7,200.00
Total Sales of Securities Under Fiscal Contract.						
		\$291,517,000.		\$837,965.00	\$388,165.75	\$ 87,927.50
Total of all Commission Transactions.						
		\$201,358,800.		\$996,166.13	\$488,770.26	\$ 87,927.50